

APPENDIX D

FY 2008 Financial Management Status Report and Five-Year Plan Summary

The Department's Financial Management Status Report and Five-Year Plan, required by the Chief Financial Officers (CFO) Act of 1990, describes the Department's financial management initiatives, plans, and accomplishments. The CFO Act established the legal framework for improved financial management. Within that framework, executive agencies have key responsibilities for implementing effective financial management leadership, internal controls, reporting, and financial systems. The Department's Plan was prepared in accordance with the guidance contained in OMB Circular No. A-11, Part 2, *Preparation and Submission of Budget Estimates*.

The President's Management Agenda and the Executive Branch Management Scorecard emphasize the significance of federal government performance and accountability to achieve successful results. The ultimate goal is accurate and timely financial information on a recurring basis. The 2008 Department Financial Management Status Report and Five-Year Plan includes a summary of the important financial management initiatives completed or underway within the Department. These initiatives support the President's Management Agenda and improve management and administration of the Department's programs while also supporting mandates such as the CFO Act, the Government Management Reform Act (GMRA), the Federal Financial Management Improvement Act (FFMIA), the Government Performance and Results Act (GPRA), Federal Managers' Financial Integrity Act (FMFIA), and the Debt Collection Improvement Act (DCIA) of 1996.

The Department has moved towards budget and performance integration by including in the budget the full cost of achieving performance goals and by utilizing the Program Assessment Rating Tool (PART) for decision-making purposes in a majority of its programs. Additionally, the Department has efficiency measures in place for 100 percent of the PARTed programs.

Highlights of the Initiatives Contained in this Plan:

Reliable Financial Statements and Meeting Due Dates for Financial Statements. KPMG LLP, an independent public accounting firm under contract with the Department's Office of the Inspector General, performed the Fiscal Year (FY) 2008 consolidated Department audit. The Department earned an unqualified opinion on its audited consolidated financial statements for FY 2008. All nine of the Department's components that produce financial statements received unqualified opinions, as well. The Department and components continued to demonstrate progress in reduction of the number of material weaknesses identified by the independent auditors. The Department has consistently met the OMB due date for submission of the consolidated financial statements. Ensuring these deadlines are met required planning and coordination which included issuance of the annual Financial Statement Requirements and Preparation Guide (Guide). The Guide includes a detailed timeline of major events and interim milestones. This, along with components' corrective actions quarterly status updates, adds to the foundation necessary to eliminate auditor-reported internal control material weaknesses. For FY 2009 and beyond, the Department expects to maintain its impeccable status on its audited consolidated financial statements.

Integrated Financial Management System. The Unified Financial Management System (UFMS) initiative is the keystone to the Department's financial systems improvement planning for the future. UFMS is replacing the Department's multiple core financial management and procurement systems with an integrated Commercial Off-The-Shelf (COTS) solution, Momentum, provided by CGI Federal Inc. Implementation of the UFMS will improve financial management and procurement operations through streamlining and standardizing business processes and procedures across all components.

The Department components identified for replacement of their current financial management and procurement systems include: Federal Bureau of Investigation (FBI); U.S. Marshals Service (USMS); Drug Enforcement Administration (DEA); Federal Bureau of Prisons (BOP); Office of Justice Programs (OJP); Offices, Boards and Divisions (OBDs); and Alcohol, Tobacco, Firearms and Explosives (ATF). Implementation efforts are already underway with a pilot project at the Asset Forfeiture Program (AFP), which has been live since November 2007. The AFP pilot successfully conducted year-end activities in UFMS and has begun operations for FY 2009. DEA's implementation is scheduled to go live in first quarter of FY 2009. DEA successfully completed requirements, design, and configuration phases. DEA is working to complete testing and has begun training for DEA's 2,500 users. Following DEA implementation, the UFMS PMO will provide post-implementation support. FBI continues to work on preparation for UFMS implementation and is assessing the UFMS contract writing tool (CWT) for FBI deployment. Additionally, ATF has begun to plan for its UFMS implementation.

The Financial Management Program's primary achievement in FY 2008 was the pilot deployment of AFP building upon the success of the UFMS Foundation Build, completed in FY 2007. The AFP pilot provided the Department with the opportunity to test the UFMS Foundation Build with component configuration in a live environment. The UFMS Foundation Build is the core standard financial and procurement configuration to be used by the Department components as a baseline system. This allows components to extend the Foundation Build to meet their individual configuration needs.

E-Gov Travel. As one of the five General Services Administration managed E-Gov initiatives, E-Gov Travel was launched in support of the President's Management Agenda. The goal of the E-Gov Travel initiative is to improve internal efficiency and effectiveness of the federal government by providing an automated government-wide, web-based, end-to-end travel management service that delivers an easy-to-use cost saving travel experience, supports effective management of travel practices, and results in superior customer satisfaction.

Following the award to Carlson Wagonlit Government Travel for E-Gov Travel services, the Department transitioned its Travel Management Center (TMC) services from its former TMC to CWTSato Travel TMC in a phased conversion from July 1 through September 8, 2008. The CWTSato Travel TMC is embedded in the Carlson Wagonlit E-Gov Travel solution, E2, which will facilitate the deployment and implementation of E2 throughout the components of the Department.

Work progresses on gaining Department Authority To Operate (ATO), and on a pilot implementation in selected components. After ATO and successful completion of the pilot, full implementation of the service throughout all Bureaus and Offices, Boards and Divisions will proceed.

Once fully implemented, the Department envisions leveraging improved reporting and data collection capabilities for business intelligence and performance measurements. The Department expects to continue to consolidate its travel processes at a Department level, centrally managed through a customer-centric, web-based environment with the expectation to integrate an easy to use, end-to-end travel service.

Federal Financial Management Improvement Act (FFMIA) Remediation Plan and A-123 Compliance. During FY 2008, the Department continued efforts to resolve internal control weaknesses within individual components. Departmental oversight and resources were provided to components in critical areas to help resolve previously identified weaknesses. Through ongoing review programs, components aggressively demonstrated their commitment to identify areas of concern and implement corrective actions promptly. The Department also continued to demonstrate progress on its multi-year project to install a UFMS that will provide a single source for timely and reliable financial data. The implementation of the UFMS will strengthen the Department's control environment, facilitate the collection of information, and enhance decision-making.

The Department continued to enhance its OMB Circular A-123 internal control assessment process in FY 2008 by strengthening assessments of the components' information systems control environment and expanding assessments of payments to ensure coverage of certain types of sensitive payments, such as premium class travel. Using a top-down risk-based approach, efforts were focused on significant areas where the risk of material errors in financial reporting could occur. These actions, coupled with the Department's corrective action plan process, have enabled the Department to monitor the components' progress against corrective action plans more timely and, when necessary, provide additional resources to correct control weaknesses.

Debt Collection Management Program: The Department reported civil cash collections totaling over \$2.76 billion in FY 2008, resulting from its civil litigation and enforcement activities. Throughout the Department, ongoing efforts are in place to maintain effective debt collection and debt management practices. In FY 2008, the Department successfully completed deployment of the Consolidated Debt Collection System (CDCS) to all U.S. Attorney Offices nationwide, and to the Department's litigating divisions (Antitrust, Civil, Civil Rights, Criminal, Environment and Natural Resources, and Tax). This system is designed to centralize, track, support and manage the Department's financial litigation and debt collection responsibilities. Efforts during FY 2008 have concentrated on refining and enhancing system functionality, standardizing processes, and developing new reports to better support front line collectors as well as management in the new centralized environment.

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